

RMS TRANSITION PLAN
WCHSA/WCA Ad Hoc Committee Recommendation
November 12, 2002

ISSUES

Department of Workforce Development financial staff members are standing firm that “RMS will be 100% accurate and will fully capture county’s TANF and Income Maintenance costs.”

County Social Service and Human Services personnel, along with Wisconsin County Association officials, disagree with these statements based upon the design of the system and financial results reported by the eight RMS pilot counties and on financial analysis conducted by several other counties around the State of Wisconsin. “The proposed system (RMS) will NOT capture actual costs and therefore will reduce the amount of TANF funding the State of Wisconsin will receive because it won’t accurately capture legitimate TANF time and expenses.”

Specific concerns that the counties have highlighted since May of 2001 include:

- 1) That the proposed system does not capture the extensive supervisory and management time that providers put into TANF services (these costs are presently proposed to be allocated between W-2 and IM based upon front line worker time) and
- 2). That the proposed system is pooling counties together which prevents providers from being reimbursed for the actual expenditures in respective programs. As a result, many counties will not get reimbursed for some of the expenses they actually incurred and in other cases counties will get reimbursed for programs they don’t even operate, possibly at the expense of taking critical funding away from agencies that already struggle to provide needed services without adequate funding.

At a meeting on November 12, 2002, DWD staff suggested that if RMS data collection begins to show that reimbursements won’t be what counties expected or planned for in their 2003 budgets, that counties could adjust service levels to match their projected funding levels. County staff immediately alerted DWD officials that this suggestion would have huge service and liability implications for the State. Adjusting service levels means decreasing eligibility and case management staff members, which would mean that Federal case processing requirements would no longer be met. As a result, the State of Wisconsin would be at risk of facing Federal sanctions for program non-compliance. In addition, this recommendation would prevent many State residents from receiving life sustaining services (foods stamps, emergency assistance, and cash payments) in a timely manner. This recommendation would even further decrease TANF funding.

State staff also disagreed with county representatives regarding how supervisory and management functions were performed at the local level. Specifically State staff felt that most agencies had dedicated supervisors or managers overseeing W-2 operations. In the last twenty four hours, we have surveyed over 20 counties. All 20 counties report that they have supervisors and managers that oversee BOTH W-2 and IM programs.

RECOMMENDATION

County and WCA officials continue to recognize the need for implementing a Federally approved cost allocation method by January 1, 2003 but also realize the importance of implementing a system that won't negatively impact services or local service providers. To achieve both of these goals we recommend the following **transitional plan** for RMS.

#1. That the State of Wisconsin implements RMS for Federal reporting purposes as of January 1, 2003. The State of Wisconsin **NOT USE RMS** to reimburse counties or other local service providers.

#2. That the State of Wisconsin continues to maintain all existing cost allocation systems, contract systems, and financial reporting systems until other methods are identified and are mutually approved by the State of Wisconsin and by the Wisconsin County Human Services Association. These systems include:

- A. Counties and local service providers will continue to use their existing time study methodologies (100% time reporting, one week per month time reporting, or another prior approved methodology) to report costs to the State for local reimbursement.
- B. Counties and local service providers will continue to use the LPMF to allocate indirect costs to their social and human service programs.
- C. Counties and local service providers will continue to use FTE's or other existing allocation systems to allocate agency management and support and overhead (AMSO) costs.
- D. Counties will continue to report all direct, indirect, and AMSO costs to DHFS and DWD via the CARS financial system.

#3. That the State of Wisconsin and the Wisconsin County Human Service Association form an Ad Hoc Workgroup to specifically address the issues stated below. The Wisconsin County Human Service Association will officially appoint Mary Kennedy, John Chrest, Richard Kammerud, and John Rathman to this workgroup. Additional technical experts will be asked to join the work group on an as needed basis and may include a county auditor (possibly from Schenck and Associates). WCA will also assist the workgroup in completing its tasks. Federal cost allocation representatives may also be asked to attend workgroup meetings. Specific objectives for the committee include:

- A. Analyze the RMS system and the data it generates and recommend changes to RMS so that it maximizes TANF reimbursements for the State of Wisconsin and meets the needs of both State and local agency partners. If the RMS system would create a reimbursement issue, develop a solution or risk sharing agreement between partners.
- B. Analyze the LTE allocation system as a replacement system to the LPMF system and recommend changes to the proposed LTE system to maximize federal funding and meet the needs of both State and local agency partners.
- C. Analyze the existing W-2, Child Care, Energy and Income Maintenance contracting systems and recommend that changes be made to correlate with the new RMS and

LTE allocation systems. Ensure that contracting and reimbursement systems will not negatively impact service delivery or local agency finances.

- D. If the committee is not able to modify RMS, LTE, and contracting systems to the satisfaction of both State and local partners, recommend other options to comply with Federal cost allocation requirements and maintain program integrity.

TIMEFRAME

The county Ad Hoc Workgroup has worked very quickly to formalize this recommendation and we would appreciate the State of Wisconsin's quick turn around in making a final decision on this recommendation. Because all local service providers will have to be notified of this change in plans, and because this transition plan may impact some of the materials recently trained, we urgently request a decision and follow-up meeting by Thursday, November 21st, 2002.

We look forward to working with you in designing and implementing a cost allocation plan and contracting system that will continue to allow Wisconsin to maximize federal funding, provide superior services, and minimize risk and liability on behalf of service providers and the State of Wisconsin.